

PLAINTIFF
U.S. District Court - NDCAL
4:20-cv-05640-YGR-TSH
Epic Games, Inc. v. Apple Inc.
Ex. No. PX-0523

From: David Ralston [REDACTED]
To: Eric Gray [REDACTED])
CC: Matt Railo [REDACTED]
BCC:
Subject: Re: Latest - Commerce and Payments Deck - DRAFT
Attachments: Railo_s deck for 2018 Eddy offsite_v5DR.key;
Sent: 03/10/2018 07:49:18 PM 0000 (GMT)

Here is the updated deck in black corporate template. I did not touch the hidden slides. The Apple Pay wallet is gray and I could not find one in white.

Cheers - David

Exhibit
PX 523

PX-0523.1
APL-APPSTORE_09894726

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Payments & Commerce

One Apple

March 2018

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Today - Fragmentation

Customer Experience

Sign up, payment method, buy, checkout, invoice are unique per channel: Retail, Apple Online Store, App Store, Apple Music, iCloud

Commerce & Payments Infrastructure

Bespoke commerce engines: Retail Stores, AOS, AMP

Despite collaboration, Apple Pay, iTunes Payment Services (iPS) and Apple Payment Gateway (APG) are separate systems and are managed separately

Developer Experience

In app purchase using Apple's commerce and payments infrastructure is required for digital goods and services

For physical goods and services developers are required to build/integrate with others, even when Apple Pay is a supported payment method

App e Con Identical-Internal Use Only

Today - Fragmentation

Customer Experience

Unique sign up, payment method, buy, checkout, invoice per channel

Commerce & Payments Infrastructure

3 commerce engines

Systems are managed separately (despite collaboration)

Developer Experience

Use Apple's commerce engine for digital goods

Build/integrate with others for physical goods (even with Apple Pay support)

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Customers

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One Customer Experience



Wallet

All payment
methods in one location

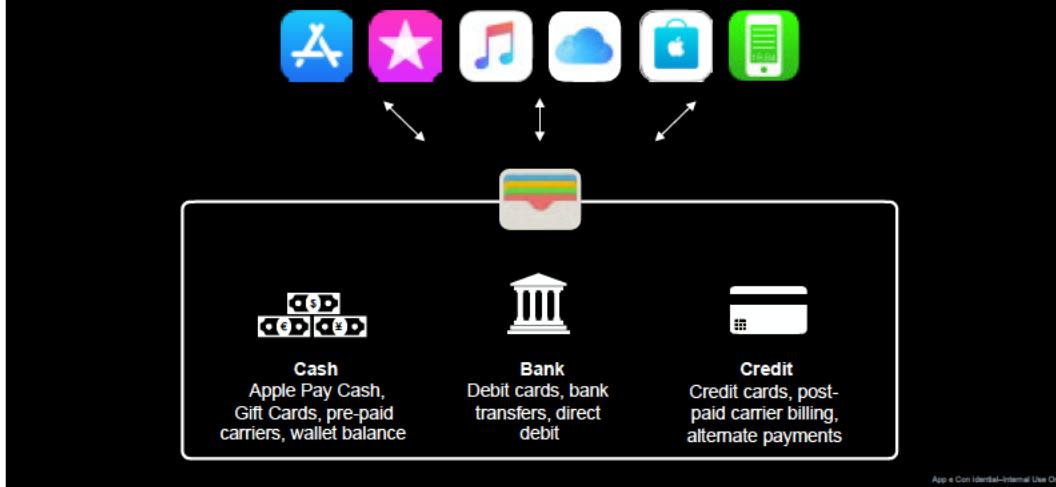


Billing Management

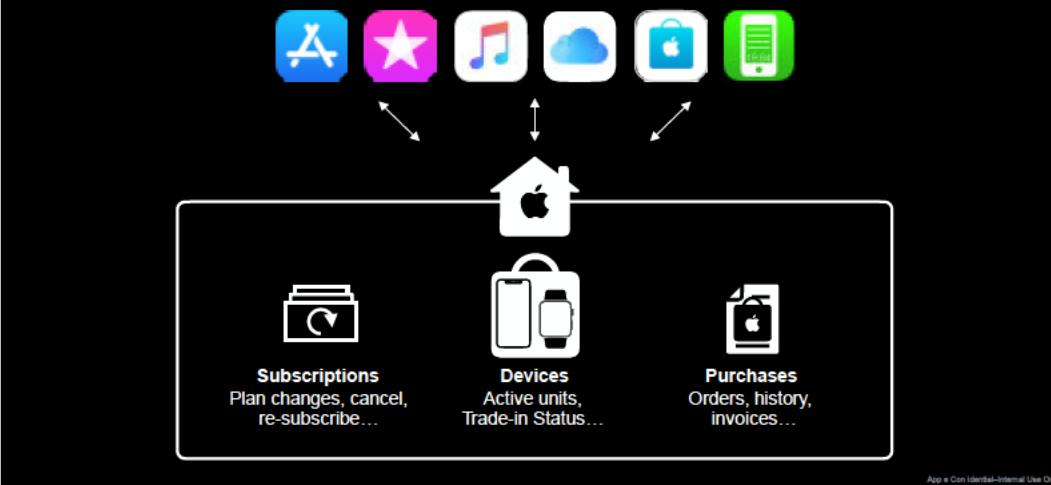
Unified experience for purchases,
invoices and subscription management

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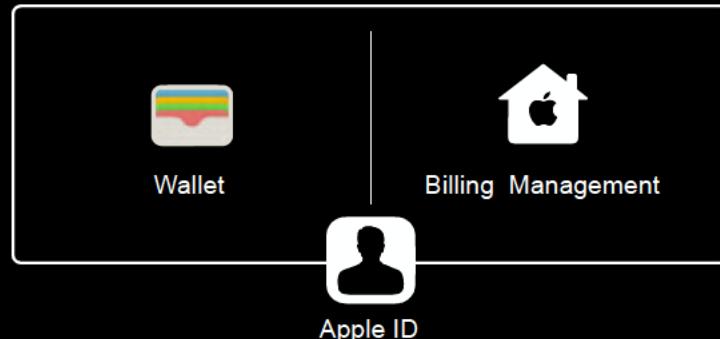
One Wallet



One Place to Manage Billing



One Account



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Commerce & Payments Infrastructure

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One Infrastructure



Apple Pay

Single Platform

Commerce Engine
(Digital & Physical)

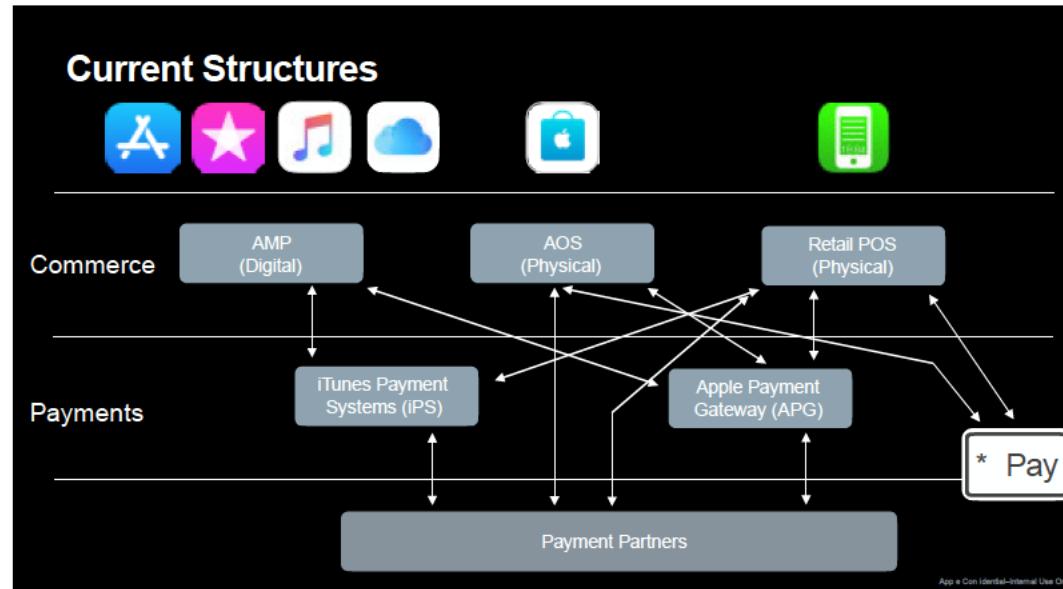
Payment Services



Billing
Management

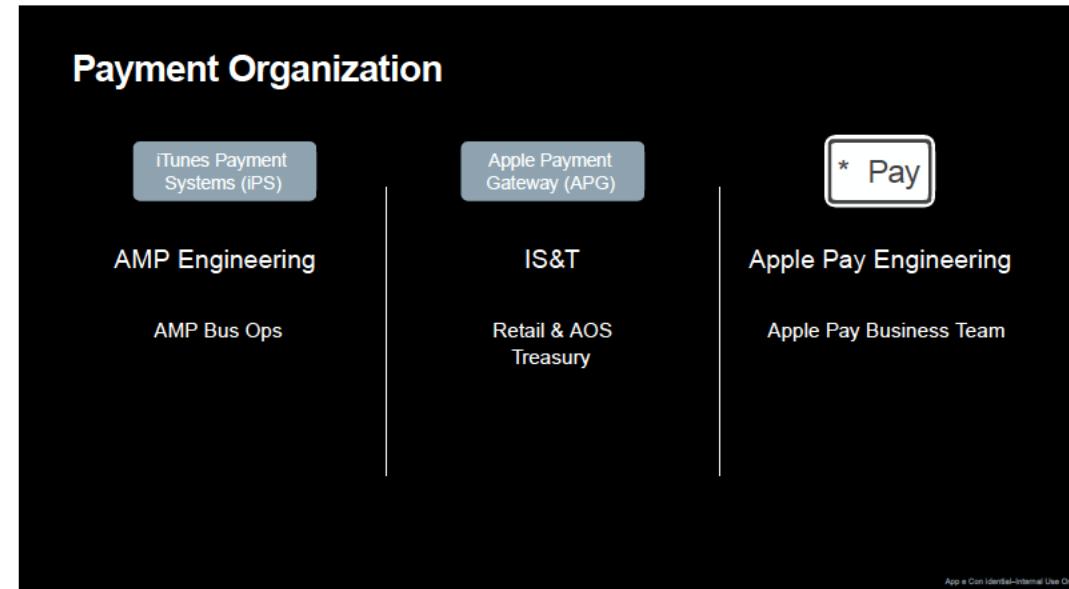
Payment Partners

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Impact of Payment Systems Duplication:

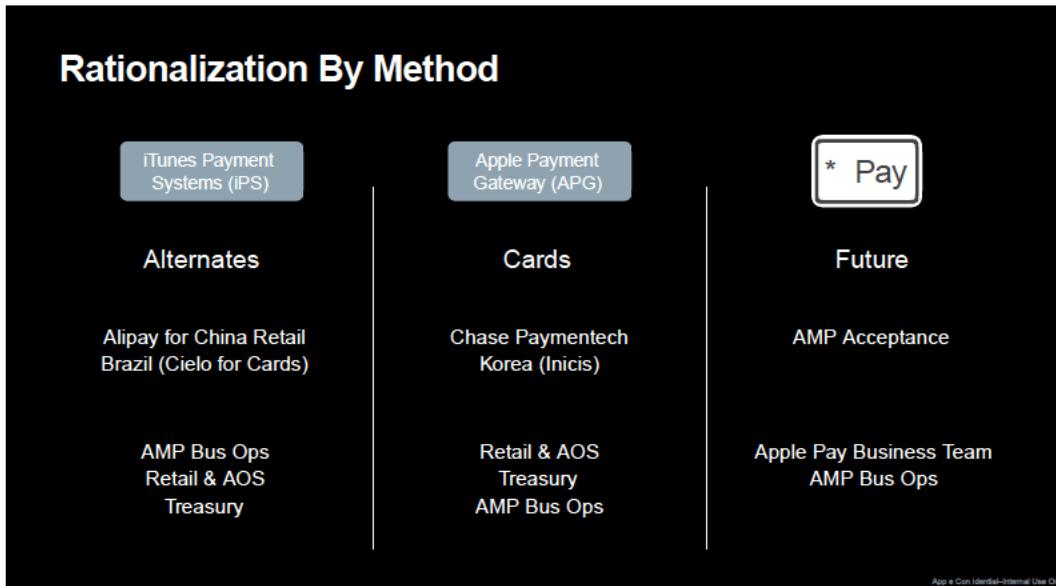
- High development cost
- High operational/processing costs
- Slow time-to-market
- High operational risk



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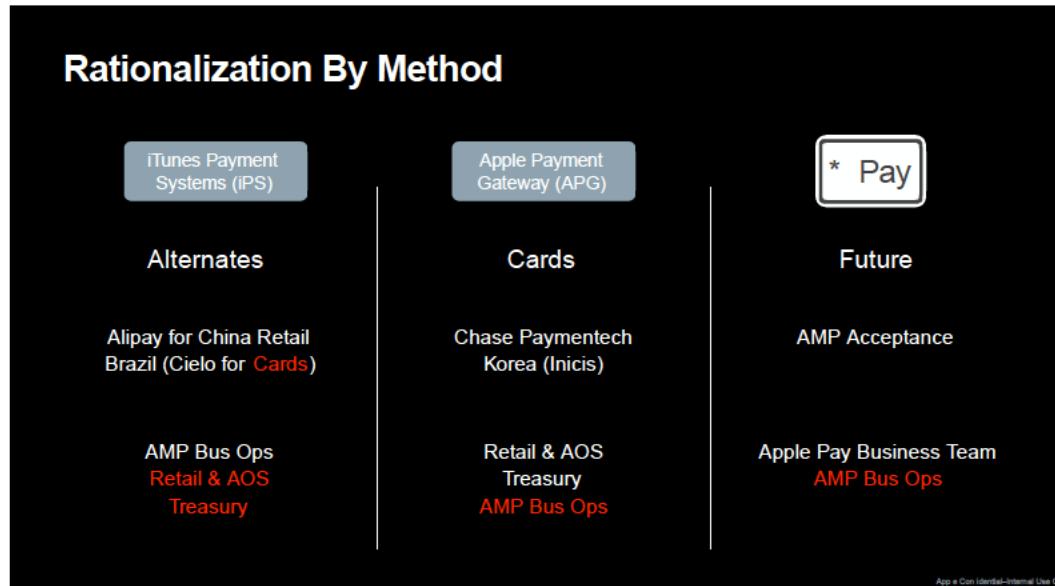
- Collaborative and removed some layers of redundancy
- Still separate platforms, separate teams, etc.
- Some synergies (credit cards for all Apple); Alipay for Retail and AMP

Rationalization By Method

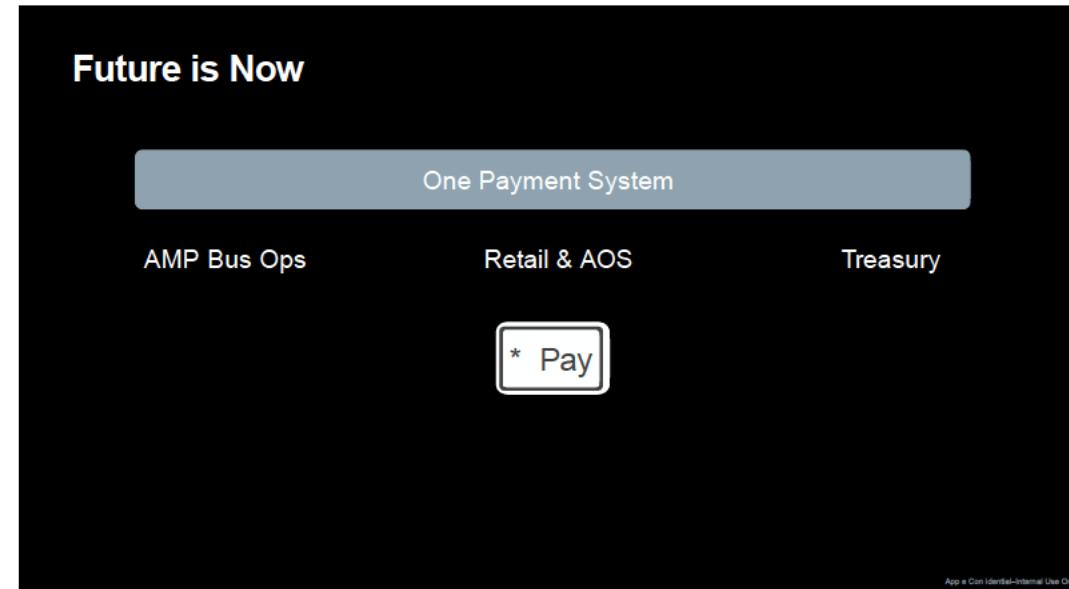


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Rationalization By Method



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Commerce Organization



Current Apple-wide Initiatives

Apple

AMP Engineering

IS&T

Subscriptions (Morocco)

Fraud Engine (Athena)

Modularization

Tax (Honeycomb)

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Future

Apple

Past

Fraud Engine (Athena)

Present

Tax (Honeycomb)
Subscriptions (Morocco)
Modularization

Future

Credit
Foreign Currency
Identity Verification

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Developers

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Goods & Services



Digital

Apps, Games,
Music, Video, News...



Physical

Apparel, Ride hailing,
Food Delivery, Travel, Appliances...



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Industry

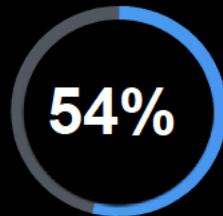
	 App and IAP	 Mobile Commerce
Total Spend	\$62B	\$1.18T
Est. Spend on iOS	\$38B	\$650B
Share of iOS Spend Captured by Apple	~30%	~0.008%

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Industry



Mobile Web



App Share of
mCommerce Transactions
in Retail Sector



App

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An Example

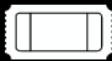


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Other Early Opportunities



Travel



Ticketing



IOT

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Discussion

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Ownership



Apple Pay

Single Platform

Commerce Engine
(Digital & Physical)

Payment Services



Billing
Management

Payment Partners

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Discussion

Is this a Product?

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500M

Customers Touching Commerce

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Per quarter

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200M

Paying Customers

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Per quarter

PX-0523.30

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100K

Legitimate Customers Blocked

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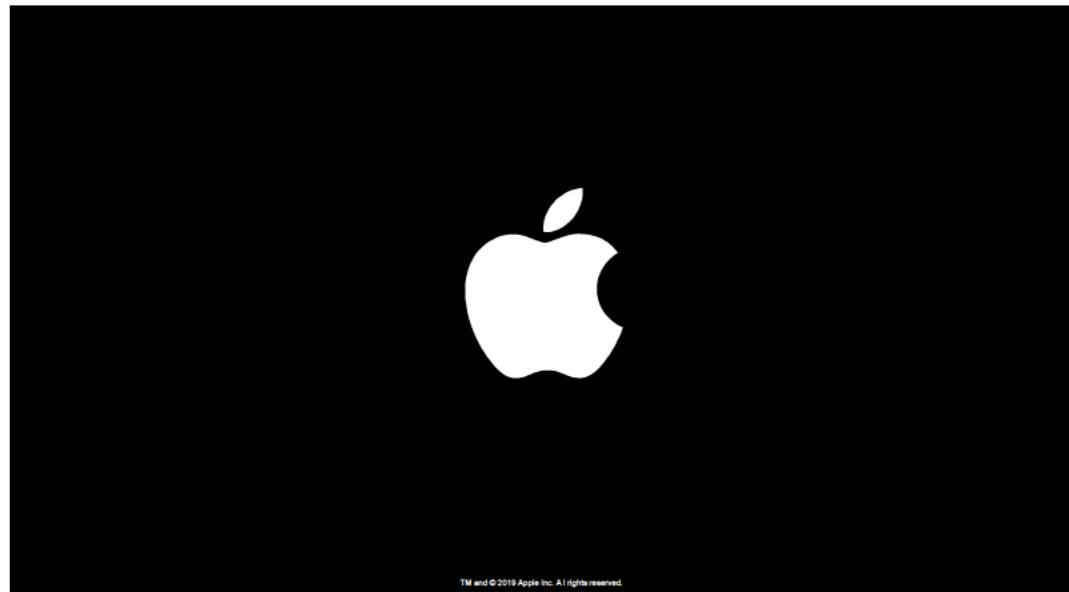
Per quarter

PX-0523.31
APL-APPSTORE_09894756

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Per quarter



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Today - Fragmentation

Customer Experience

Sign up, payment method, buy, checkout, invoice

Unique experiences: Retail, Apple Online Store, App Store, Apple Music, iCloud

Commerce & Payments Infrastructure

Each store has its own commerce engine (Retail Stores, AOS, AMP)

Despite collaboration, Apple Pay, iTunes Payment Services (iPS) and Apple Payment Gateway (APG) are separate systems and are separately managed

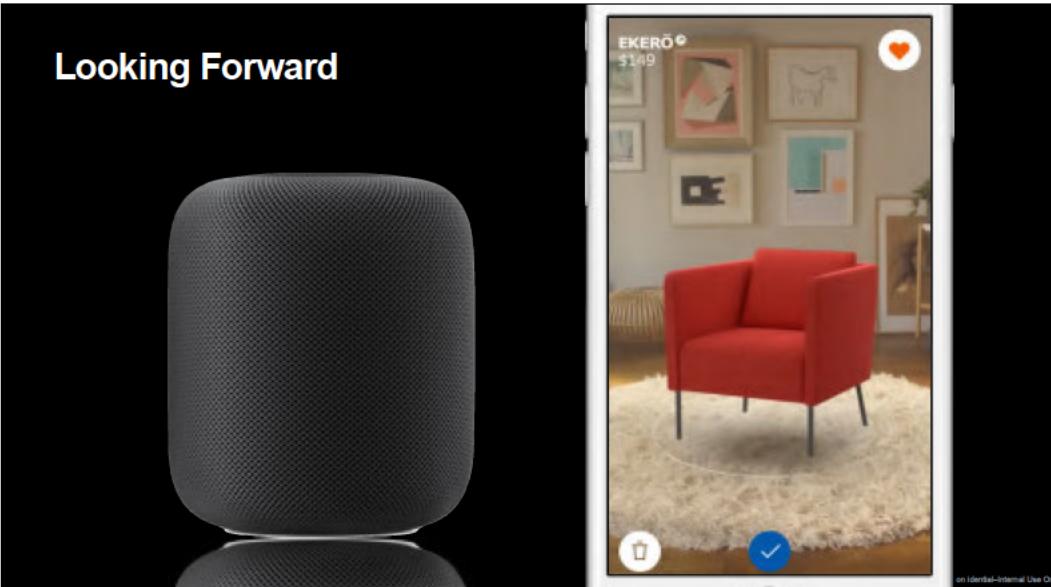
Developer Experience

In app purchase using Apple's commerce and payments infrastructure is required for digital goods and services

For physical goods and services developers are required to build/integrate with others, even when Apple Pay is a supported payment method

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Looking Forward

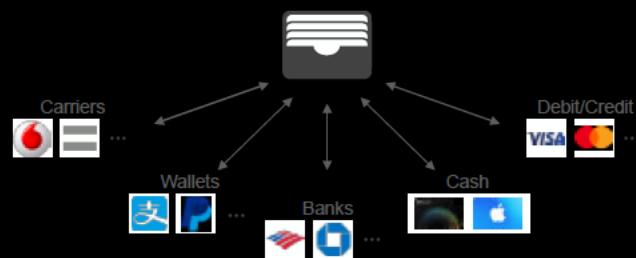




One Apple Experience,
Many Merchant Opportunities

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One Wallet



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One Place to Manage



Purchases

Pending orders, invoices,
purchase history, active devices



Communications

Emails, notifications,
preferences



Subscriptions

Manage plan changes,
cancel, re-subscribe

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edits:

1. removed and between cancel, re-subscribe

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Modularization

Account

Buy

Deliver

Bill

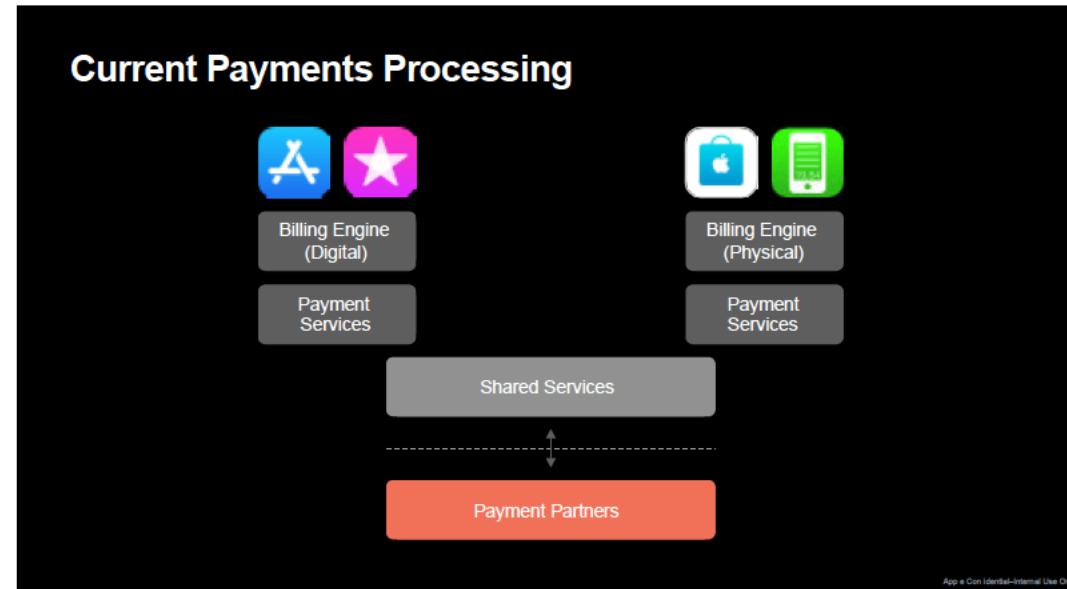
Collect

Invoice

Shared Services

Payment Partners

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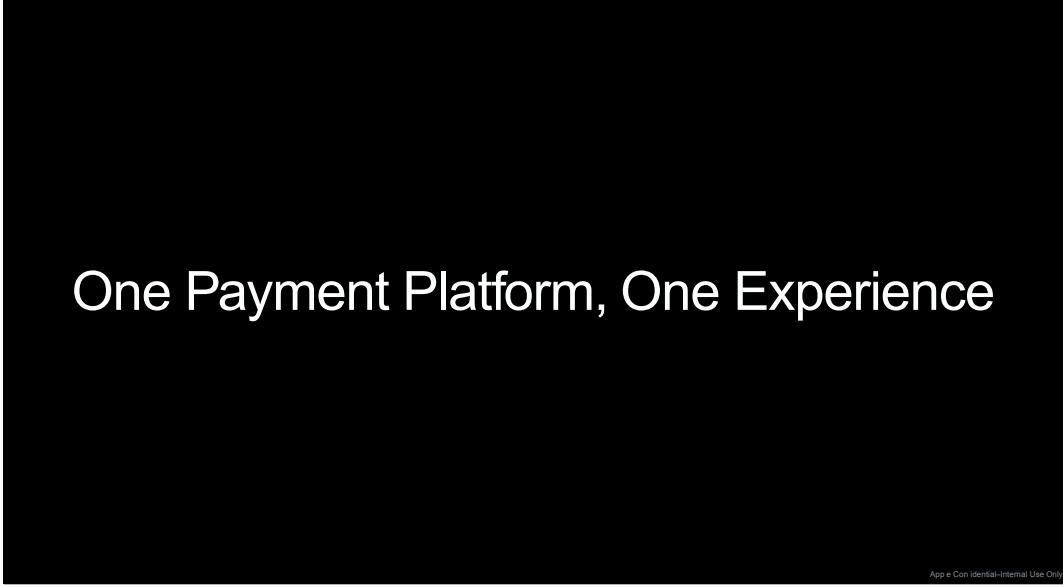


Impact of Payment Systems Duplication:

- High development cost
- High operational/processing costs
- Slow time-to-market
- High operational risk

One Apple Experience

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One Payment Platform, One Experience

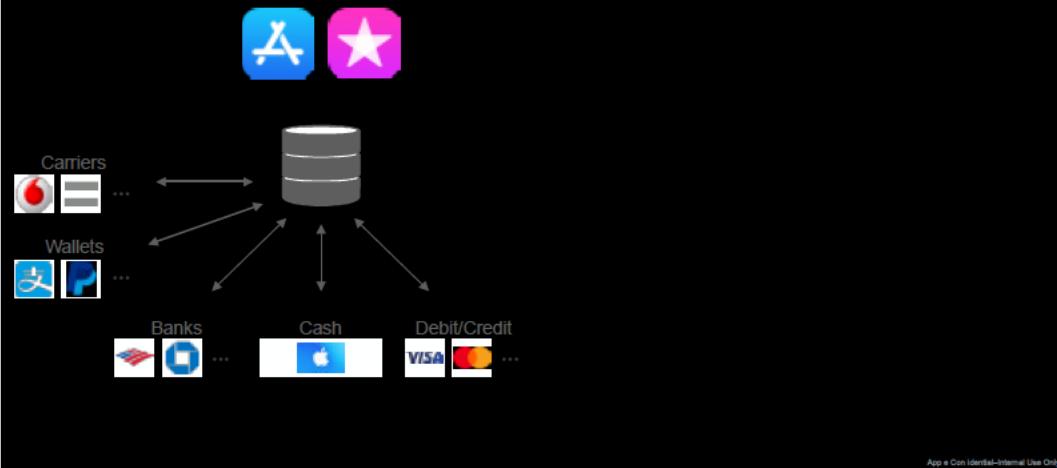
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One Wallet, Multiple Payment Methods

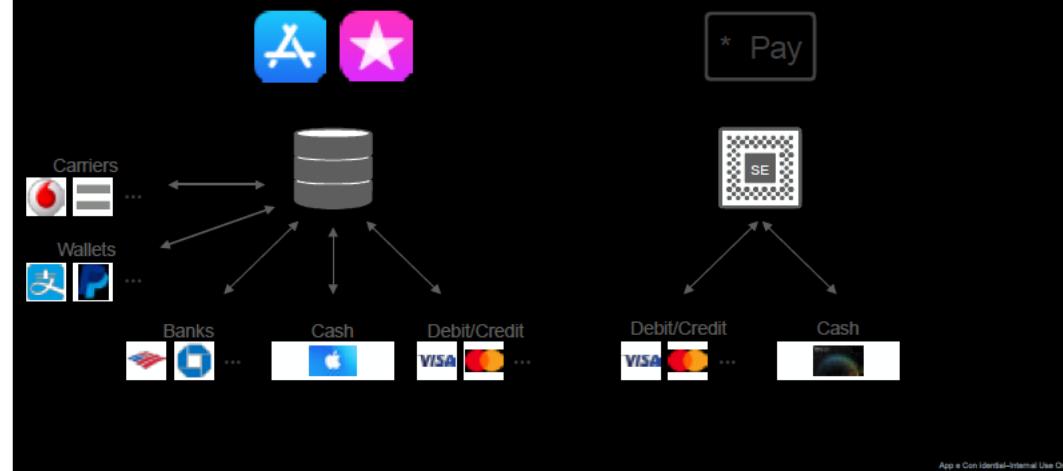
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Payment Instruments

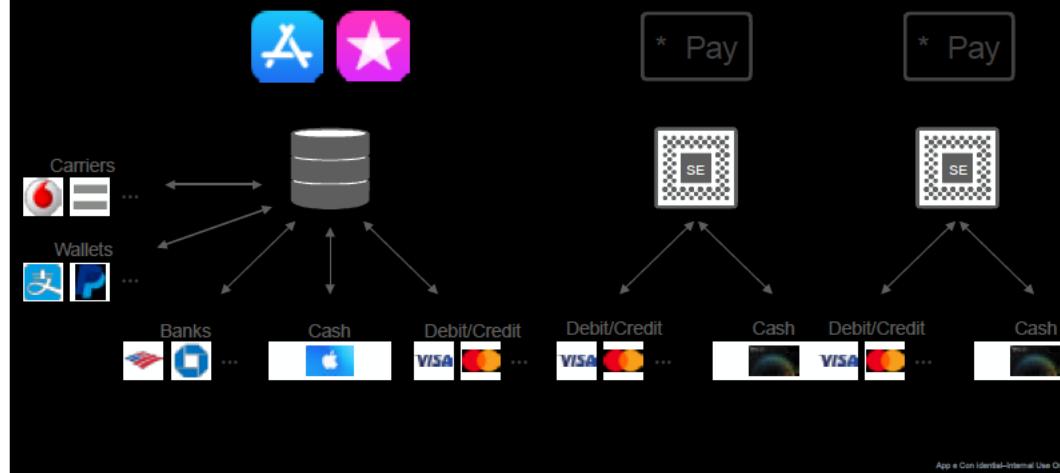


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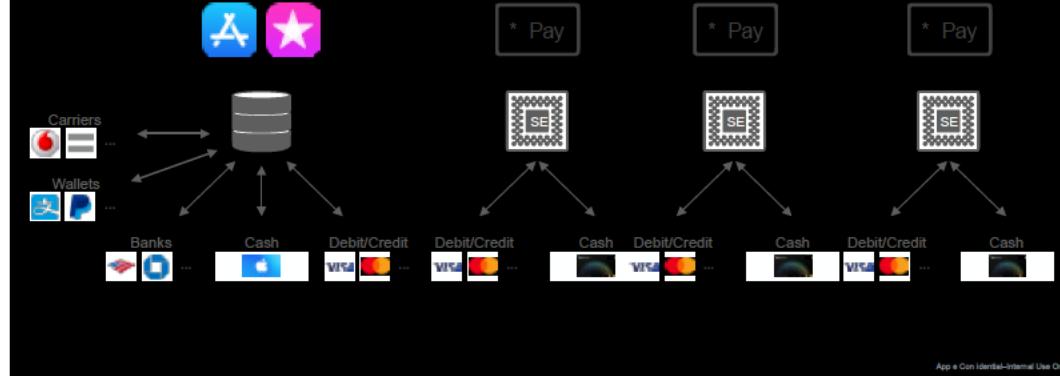
Payment Instruments - Different Instances



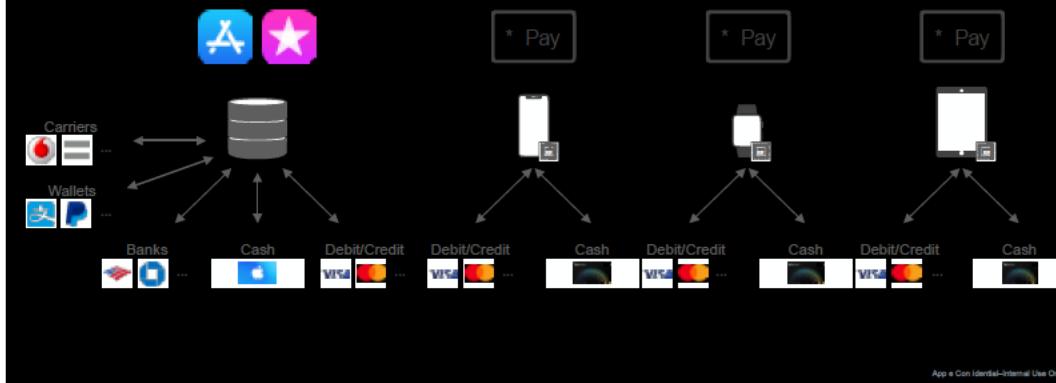
Payment Instruments - Different Instances



Payment Instruments - Different Instances

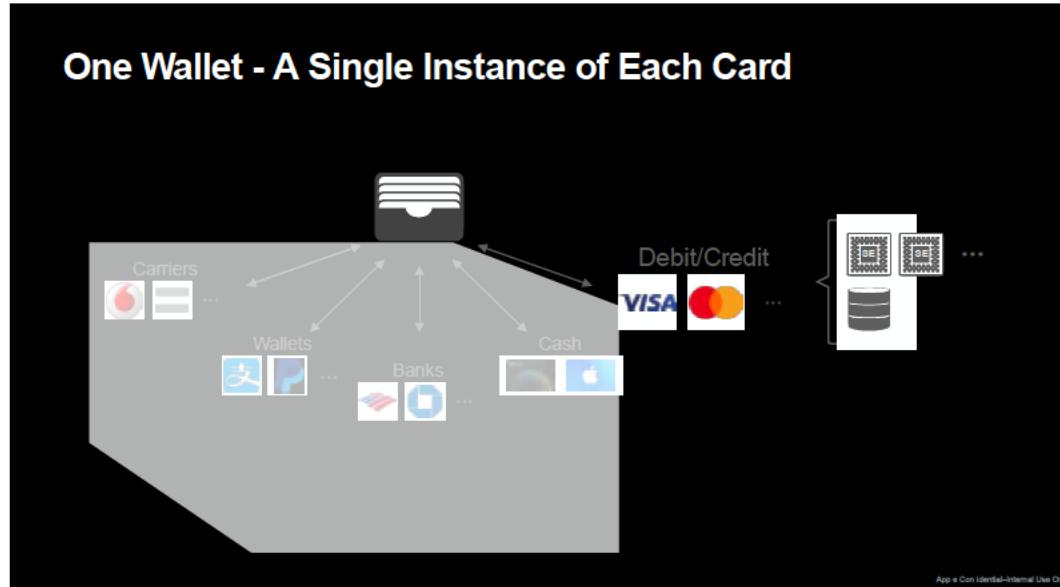


Payment Instruments - Different Instances

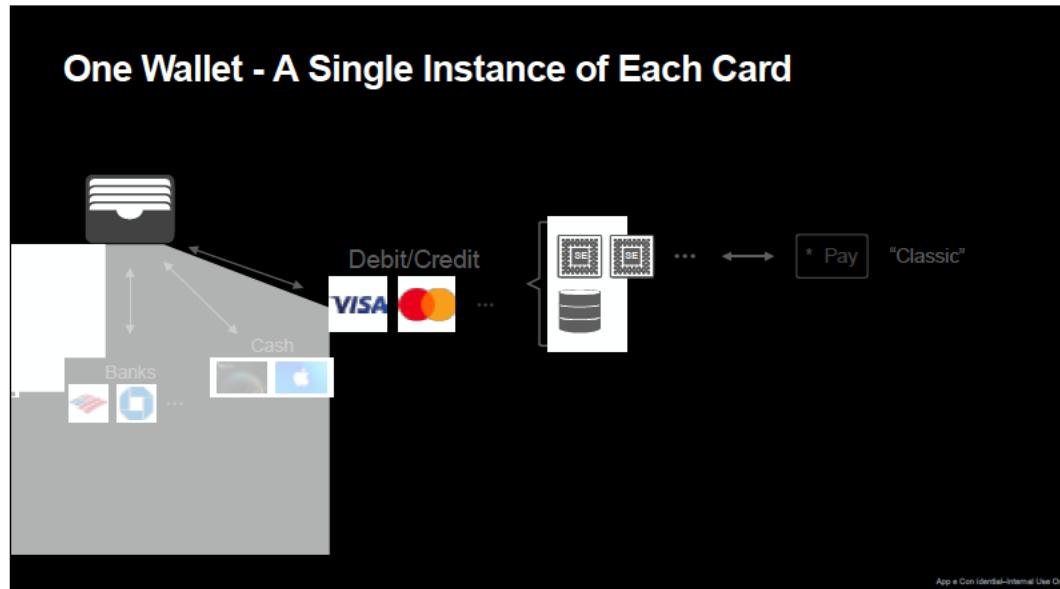


App & Con Identical-Internal Use Only

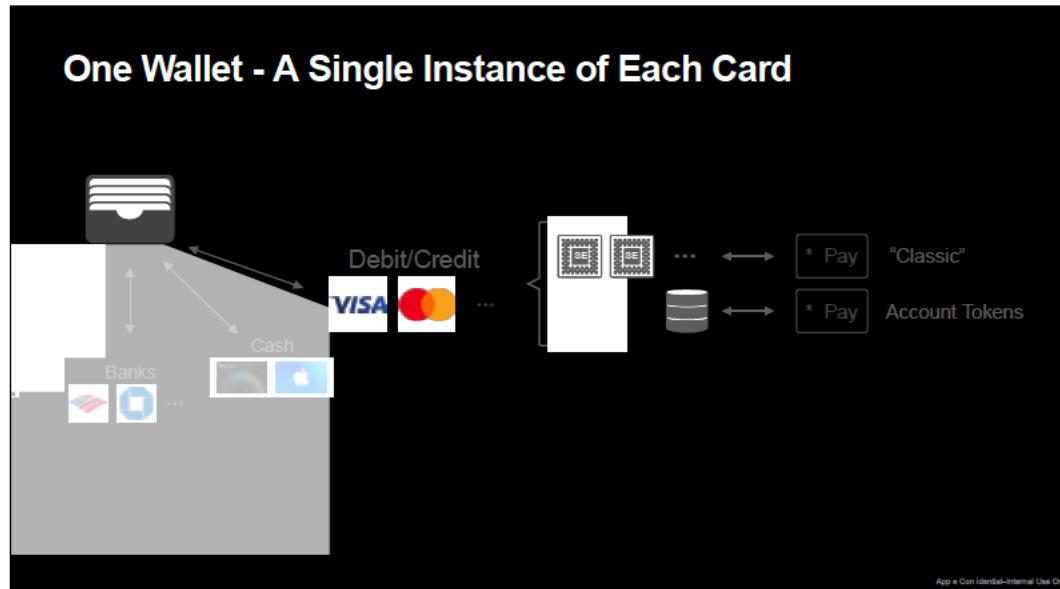
One Wallet - A Single Instance of Each Card



One Wallet - A Single Instance of Each Card



One Wallet - A Single Instance of Each Card



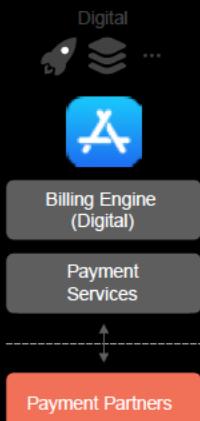
One Account

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Native Apps

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Native Apps - Opportunities

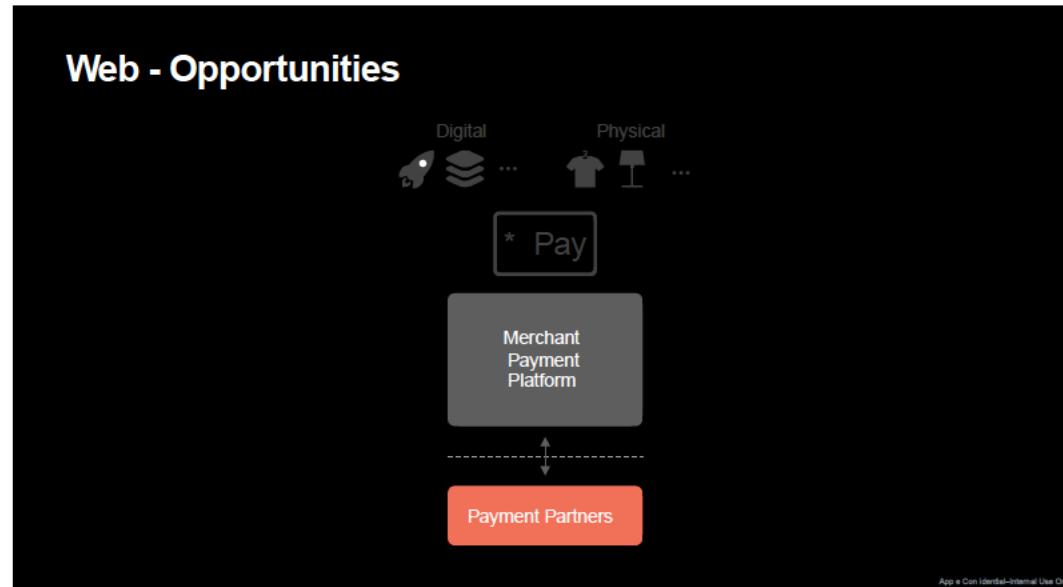


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Web & Mobile Web

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Web - Opportunities



Different Merchants, Different Needs



e-Commerce

Apple Pay Cash, Credit/Debit Cards,
ACH, Carrier Billing, PayPal...



In-Store

Apple Pay Cash, Credit/Debit Cards

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Billing Engine



Aggregation
Session management engine



Billing
Recurring Billing & Line of Credit



Cross-Channel
Cross Apple merchants
use cases (Morocco)

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Different Platforms



Native Apps

iOS, macOS, tvOS



Web

Mobile & Desktop Web



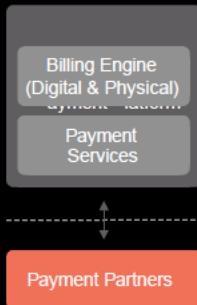
In-Store

Brick-and-Mortar

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Native Apps - Opportunities

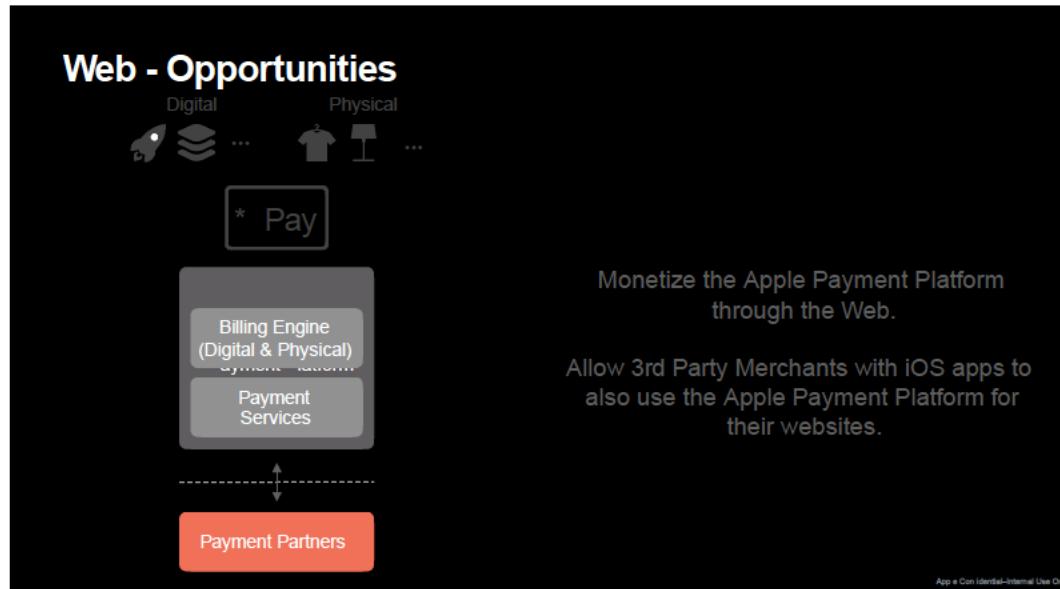
Digital Physical
⌚ ⚡ ... ⚡ ⚡ ...



Monetize the Apple Payment Platform through the App Store.

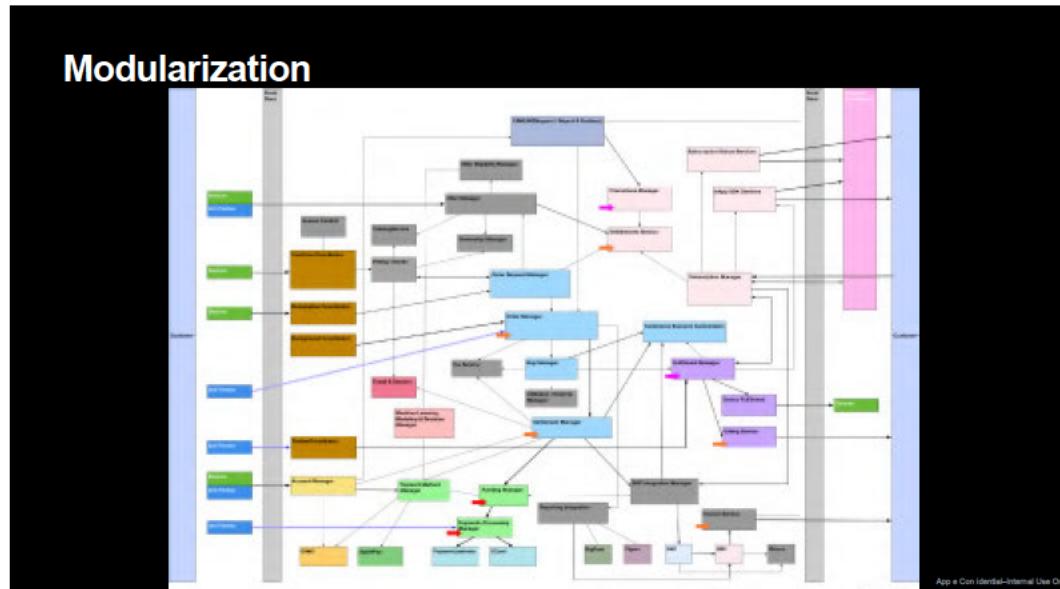
Allow 3rd Party Merchants to sell Physical goods through Apple Payment Platform.

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add Carson's pitch highlights, \$
check w/ Fischer on duplication, retail as a talking point

Modularization



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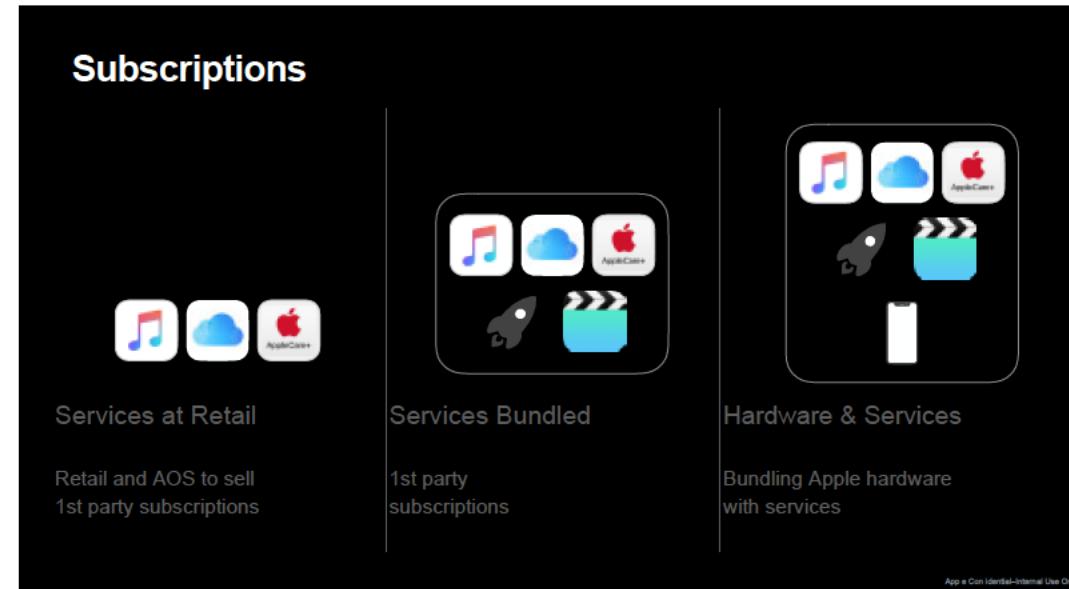
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Tax

Support accurate tax calculations
(e.g. VAT, sales, telecom, amusement and more)
for all products (physical and digital; goods and services)
world-wide



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Notes

Commerce moving in AMP because of subscriptions, but rest of Apple not

Initial call was to not build a second subscription engine

Subs is min 3 layers down from Jeff and Mary, therefore too deep to get support

Morocco as the start (Aristotle on the back of that), only place where we have a common platform

Bundling with hardware alongside (or after) Aristotle, Ocelot